

II. Special Nutrition and Commodity Programs (SNAC)

"The SEO shall (1) have authority for all state functions for federally sponsored child nutrition programs in the District, including those sponsored by the United States Department of Agriculture;..."

A. Summary Chart

	Pre-Transfer of Function	Post-Transfer of Function
Responsible Office and Budget Authority	DC Public Schools' Chief Financial Office/Food and Nutrition Service (FNS)	The State Education Office's Special Nutrition and Commodity Programs: October 1, 2000
Staffing	13 positions; 6 of which were vacant as of 10/1/2000	FY 2001: 13 positions
Personal Services (salary and benefits)	FY 2000: DCPS information (Data not available)	FY 2001: \$ 671,190
Program Costs (excluding personal services)	FY 2000: DCPS information (Data not available)	FY 2001: \$ 26,427,285

B. Background

Legislation. Federal regulations governing child nutrition programs are found in the Code of Federal Regulations Title 7 - Agriculture - parts 210-299. Chapter parts for the child nutrition programs are noted below in the program description section. Regulations are revised at least once per year and issued quarterly.

History. Between 1947 and 1998, the DC State Agency for Special Nutrition and Commodity Distribution Programs functioned as a joint agency with the DC Public Schools Food and Nutrition Service (FNS). The Director of the FNS functioned as the Chief Operating Officer and Director of the State Agency. Certain functions had been designated "local", others "state", but the two agencies were fiscally and functionally intertwined. In 1998, audit findings from the USDA's Office of Inspector General (OIG) required the District to separate the DCPS State Agency from the DCPS Food and Nutrition Service.

The function was relocated in the DCPS Office of the Chief Financial Officer, and the former Deputy Director of FNS became the new State Agency Director. Under this change, the same financial office became responsible for serving both agencies. Then in 2000, revelations about the outdated USDA commodities that were contaminated and infested in the DCPS food service warehouse caused community concern. In response, DC City Council suggested incorporating the DC State Agency for Special Nutrition and Commodity Distribution Programs into the proposed State Education Office (SEO), thereby removing the function from DCPS.

Program Description. Program administration of special nutrition and commodity distribution programs includes oversight, guidance, training and technical assistance for two sets of food and nutrition programs sponsored by USDA federal funds:

Special Nutrition Programs: In compliance with federal guidelines, nutritious meals are provided to children in approved settings through five programs: the National School Lunch Program, the School Breakfast Program, the Child and Adult Care Food Program, the Special Milk Program, and the Summer Food Program. Providers include schools, child care agencies, community groups, and local government sponsors.

Commodity Distribution Programs: Commodity Distribution refers to three programs that distribute food from agricultural surpluses acquired by USDA as part of its price stabilization and surplus removal activities. These three programs are the Food Distribution Program (FDP), The Emergency Food Assistance Program (TEFAP), and the Commodity Processing Program (CPP). These programs provide schools, soup kitchens, and food banks access to USDA commodities and reasonable food prices for beneficiaries.

A Federal-State agreement authorizes the agency to administer the following eight special nutrition and commodity distribution programs:

1. National School Lunch Program/NSLP (7CFR 210)
2. School Breakfast Program/SBP (7CFR 220)
3. Child and Adult Care Food Program/CACFP (7CFR 226)
4. Special Milk Program/SMP (7CFR 215)
5. Summer Food Service Program/SFSP (7CFR 225)
6. Food Distribution Program/FDP (7CFR 251)
7. The Emergency Food Assistance Program/TEFAP (7CFR 251)
8. Commodity Processing Program/CPP (7CFR 252)

(Please refer to **Appendix A** for further explanation of each program.)

Current Status. On July 26, 2000 the "State Education Office Establishment Act of 2000" (DC Act 13-387) decreed that the State Education Office shall have authority for all state functions for federally sponsored child nutrition programs in the District including those sponsored by USDA. On October 1, 2000, the State Education Office (SEO) assumed responsibility for special nutrition and commodity programs for the District. The function shall reside in the SEO's Division of Special Nutrition and Commodity Programs (SNAC).

USDA FNS management evaluations of child nutrition programs have raised issues of program compliance with regulatory requirements, and the administrative capacity of the agency to meet such requirements. Since October, the State Education Office Interim Director has convened regular meetings with the Director of SNAC to address these issues. A general administrative plan has been developed for the SNAC division, as well

as detailed programmatic work plans specifying performance goals, tasks, and projected completion dates. Specifically, plans for the Summer Food Service Program ensure assumption by the SEO of full program function responsibility in time for the summer 2001 program. One of the accomplishments to date has been the SEO-SNAC program's commitment to a prompt and equitable system for claims and disbursements on behalf of all its clients.

C. Proposal for the Transfer of Function

Authority. The State Education Office Establishment Act of 2000 provides for the transfer to and assumption of responsibility by the State Education Office for the District of Columbia's child nutrition programs. Authority transferred from DC Public Schools Chief Financial Office and Food and Nutrition Service to the State Education Office on October 1, 2000.

Leadership and Responsibilities. The responsible agency ensures program integrity at both the fiscal and service delivery level through technical assistance, monitoring, and oversight of local organizations. At the local level, the nutrition and distribution programs are implemented through public and private entities including schools, child care providers, faith-based institutions, child and youth development agencies, charitable organizations and government agencies. The ultimate beneficiaries of these programs are the children and adults receiving nutrition and food services.

In managing these programs, the office is responsible for the following:

- Negotiating Federal-State agreements
- Developing agreements with State-certified organizations
- Preparing required State Plans
- Conducting outreach in the community

In its oversight role, the office is responsible for the following:

- Developing action plans in response to evaluations of program compliance
- Providing training and technical assistance to sponsors
- Monitoring the performance of sponsors
- Investigating complaints and irregularities
- Reviewing the contract activity of sponsors

In its financial management and reporting role, the office is responsible for the following:

- Accounting of program expenditures
- Disbursing funds to sponsoring organizations
- Procurement
- Complying with audit requirements
- Submitting program performance and financial status reports
- Reviewing claims and processing payments
- Maintaining records

Timelines. The Interim SEO Director began working with its SNAC Director in the summer of 2000 to develop an overall administration plan for child nutrition programs. Additionally, detailed plans for the fiscal year have been developed for each of the eight programs. The SEO has assumed program functions sufficiently in advance to assume full responsibility for the Summer Food Service Program of 2001. Refer to section D. for a description of Key First-Year Tasks.

First Year Budget Requirements. The following table details total amounts and sources of funding for FY 2001:

SNAC FUNDING	FY 2001
Federal USDA Funds	
School Lunch	14,004,858
School Breakfast	3,670,422
School Supplements	19,747
Special Milk	10,482
Child & Adult Care Food (CACFP)	2,886,949
CACFP Sponsor Admin	134,657
CACFP Cash for Commodities	134,384
SFSP - SUMMER FOOD	4,429,329
SFSP - SUMMER FOOD ADMIN	380,152
SFSP – SAF	78,350
CACFP Audit	43,797
TEFAP	120,540
State Administrative Funding	389,508
State Administrative Funding Carryover	75,300
Total Federal Funds	\$26,378,475

State Matching Funds (from District of Columbia Appropriated Funds)	FY 2001
State Maintenance of Effort	120,000
TEFAP Maintenance of Effort	50,000
National School Lunch Match	525,000
National School Lunch Match - State	25,000
Total State Funds	\$720,000
Program Total	\$27,098,475

The FY 2001 personal service budget (salary and benefits) is \$671,190. Of this \$671,190: \$499,314 is provided by federal funds, and \$171,876 by District of Columbia appropriated funds. Refer to the next section for staffing levels.

Staff Required to Perform Function. USDA FNS management evaluations cite deficient staffing levels across child nutrition programs. The SEO's personal service budget for FY 2001 budgets for 13 full-time equivalents to carry out these functions. By filling existing staffing vacancies, the staffing level will increase by six professionals.

Factors with Potential for Disrupting Services to Students.

1. Summer Food Service Program participation

In the past, Summer Food Service Program sponsors have experienced administrative problems. For example, the two largest SFSP sponsors committed administrative errors in 1999 that resulted in the retraction of \$418,000 in funds. These sponsors considered discontinuing their participation in the program, and this could pose a disruption of services to SFSP beneficiaries.

The SEO plans to solicit the input of these sponsors to develop strategies to improve and enhance monitoring and technical assistance to them in order to avoid such errors in the future and support and maintain their participation in the program. The SEO is working diligently to strengthen relationships with existing sponsors and recruit additional sponsors.

Additionally, DCPS has not taken full advantage of eligibility for participation in the Summer Food Service program. This refers to enhancement of services and corresponding revenue. For example, DCPS did not expend all of its FY 2000 state administrative funds, as evidenced by a \$78,350 State Administration funding carryover. The SEO strives to expand outreach efforts for the SFSP beyond efforts previously made by DCPS in order to maximize participation and funding rates.

2. Staffing and information system issues

The cover letter attached to the USDA FNS Mid-Atlantic Regional Office's FY 2000 Management Evaluation of the administration of the School Nutrition Programs (the National School Lunch, School Breakfast and Special Milk Programs) states, "...The underlying causes for the failure of the state agency to meet its regulatory responsibilities pertaining to the administration of the SNP are twofold -- first, insufficient staffing and secondly, lack of computerization. Both of these issues were also noted in the Food Distribution and Child and Adult Care Food Program MEs." In addition to existing staff vacancies, the report reminds of an increase in anticipated workload as additional charter schools open and USDA expands the Afterschool Snack Program under the National School Lunch Program. Also noted is the need for computer programs that will track sponsor application approvals, conduct required monthly claims edit checks in claims for reimbursement and budgeting, reconciling, and reporting State Administrative Expenses.

As cited, the Management Evaluation (ME) of the Child and Adult Care Food Program (CACFP) identified inadequacies in staffing levels to meet required monitoring and oversight regulations. ME findings of the CACFP indicate, "Our review determined that your office is not fulfilling its responsibilities pertaining to the administration of the CACFP in compliance with Program regulations. The underlying cause for the failure of your agency to meet your regulatory responsibilities pertaining to the administration of the CACFP is insufficient staffing."

At the time of the ME field work, only two staff persons were assigned responsibility for the administration of both the CACFP and the Summer Food Service Program (SFSP). The Summer Food Service Program faces similar understaffing. Since 1990, there has been a 200% increase in average daily SFSP participation. No staffing increases have occurred. The inability to meet regulatory compliance is one way in which the program is affected. Another example of how such understaffing affects the program is the loss of administrative funds available to the program. CACFP audit funds cannot be carried over from one fiscal year to the next. When adequately expended, additional funds may be requested.

Any obstacles to staff recruitment could result in disruption of program services. Staffing vacancies existed prior to the transfer of this function to the SEO. Former responsible parties had not signed off on the personnel requests necessary to fill these vacancies. The SEO is in the process of recruiting staff to appropriately fill staffing vacancies. However, requiring staff to be in the excepted service ranks could hinder staff recruitment. The SEO should be able to promote the development of professional expertise in these nutrition program areas by maintaining quality staff.

Adequate information systems are limited, as is access to computer hardware. Actually, a number of SNAC staff function without computers. As mentioned, many business processes are still not automated. Automating aspects of business practice such as the claims process will improve compliance with USDA regulations. This is only one example of many business processes to be conducted more efficiently through automation. The SEO will be researching the cost of purchase and implementation of a management information system to automate business processes.

3. Other resources

At the moment, program monitors have difficulty responding to federal requirements. For example, it is extremely challenging for two program monitors to monitor all child care facilities spread across the city via public transportation. The SEO is in the process of examining possibilities for assistance in this area.

D. Schedule of Key First-Year Tasks

Task Description	Projected Completion Date
Finalize transfer of budget authority for special nutrition and commodity distribution programs.	Completed 12/28/2000
Transfer of payroll from DC Public Schools to State Education Office.	March 2001
Amend federal/state agreement between USDA and responsible child nutrition agency.	Pending placement of permanent SEO director
Re-locate nutrition and commodity distribution staff to new SEO quarters.	Pending available space at One Judiciary Square location
Fill staffing vacancies (6 positions).	April 2001
Acquire necessary computer hardware for staff.	March 2001
Conduct management audit of business processes.	May 2001
Design plan for acquisition and implementation of management information system.	September 2001
Train SNAC staff on use of the information system.	September/October 2001
Hold community outreach and nutrition education workshops.	Ongoing
Convene Summer Food Service Program sponsor recruitment fair.	January 2001
Submit Summer Food Service plan to USDA.	February 2001
Identify and train SFSP sponsors.	May 2001
Approve all sponsor agreements.	June 2001